

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
May 22, 2018**

A meeting of the Board of Directors of the James/Kilmer Condominium Association (the "Association"), an Illinois not-for-profit corporation, was called to be held on Tuesday, May 22, 2018, in the James House Hospitality Room, 1560 North Sandburg Terrace, Chicago, Illinois, pursuant to By-Laws.

CALL TO ORDER

Judy Barnes, President of the Association, called the meeting to order at 7:22 p.m. A quorum was present in that the following directors were present:

Judy Barnes
David Beck
Patty Culbertson
Jacque Ehrlich
Bruce Kaminsky
Betty Latson
Nancy Slattery
Bill Winter

Also present were Thomas Kristufek, Property Manager, and Andy Warner, Property Supervisor, of Community Specialists, Inc. Barbara A. Roberts acted as Recording Secretary. Barbara Mueller was not in attendance.

Ms. Latson requested two changes to the agenda: A motion to transfer surplus funds from the operating fund to the capital reserve fund, and a motion regarding the segregation of reserve funds. Mr. Kristufek added to the agenda a request for funds to replace portions of a leaking standpipe.

APPROVAL OF MINUTES

Jacque Ehrlich moved that the minutes of the regular Board of Directors meeting held on April 24, 2018, be approved as presented. David Beck seconded the motion. The motion passed unanimously.

MANAGEMENT REPORT

Mr. Kristufek presented the Management Report, as follows:

- New Hires: Management has hired a Class A Janitor with plumbing experience who will work often in the Association's new plumbing division and will assist in providing expanded plumbing services to unit owners. Management has also hired an additional Receiving Room attendant to work afternoons during the summer months.
- Maintenance Action Plan Update: The Association's Assistant Engineer completed his update of the cleaning staff's job descriptions. A meeting has been scheduled for May 24 with the Maintenance staff to review the job duties and reiterate the commitment to cleaning excellence.
- Kilmer Freight Elevator Cab Upgrade: Urban Elevator has completed the flooring repair and this project is now completed.

- Chiller Engineering: There are no updates from last month. Now that the chiller is operating, the technician from Elara Engineering will be able to monitor it more closely, particularly when temperatures reach 80°, and fine-tune the specifications. It is expected that the project will be bid out to qualified contractors at the end of summer or in the early fall.
- Corridor Renovation Project: The Corridor Renovation Task Force met with Gooch Design Services on May 17. Leopardo has stated that the mock-ups for the 31st floor of James House and a little more than half of the 2nd floor of Kilmer House will be in place July 9 through July 27.
- Façade Inspection and Repairs: Klein and Hoffman and Quality Restorations, Inc. have rescheduled the ongoing façade inspection combined with leak investigations and repairs, for mobilization on June 4. There is an approved budget amount of \$64,104 for the ongoing inspection and repairs.
- Garage Painting Project: the contract with Ascher Brothers has been fully executed, and the project is expected to start on June 11. In response to a question from Ms. Ehrlich, discussion ensued about painting the area near the garage entrance and other areas.
- Semiannual Filter Changes: Maintenance is on schedule to complete the filter changes by May 31.
- Common Area Bulb Changes: This week, Twin Supplies has been replacing all of the Association's fluorescent tubes with LED tubes and ComEd is replacing the compact fluorescent bulbs with LED lightbulbs, all at no expense to the Association. In response to a question from Mr. Beck, Mr. Kristufek stated that he will inspect the stairwells to determine if there is enough light on all of the landings.
- City-Required Utility Benchmarking: Management received confirmation from the City of receipt of the annual utility benchmarking report.
- Annual Fire Pump Test: The building passed the annual fire pump test on May 10.
- Costs Associated with the Corridor Renovation Project: Management will respond to any questions that directors might have about the costs that have been broken out in the report to the Board.

Mr. Warner had nothing to add to the Management Report.

TREASURER'S REPORT

Ms. Latson presented the Treasurer's Report for the period ending April 30, 2018, as follows:

For the month of April 2018, the James/Kilmer Association reported a deficit of \$41,000.00 related to a mismatch of the recording of expenses before the collection of reimbursements. Specifically in the month of April, the Association began its seasonal HVAC filter replacement, which resulted in a \$46,000.00 charge that will be reimbursed by unit owners in the month of May. Excluding the charge, the Association would have reported positive results for the month of April.

For the period ending April 30, 2018, total year-to-date income was reported at \$2,080,000.00, which was \$27,000.00 under budget, largely due to lower garage income.

Year-to-date operating expenses were \$2,142,000.00 and were under budget by \$17,000.00 despite the expensing of the HVAC filters earlier than planned and also due to higher utility costs which will be reduced by audit adjustments that will be completed in the May-June time frame after the Board approves the 2017 audit. As a result, the Association reported a \$62,000.00 year-to-date deficit through April 2018.

On the capital side, the Association reported a year-to-date surplus of \$20,000.00 as the capital reserve revenue through April amounted to \$414,000.00 while capital expenditures were \$394,000.00 related largely to the Corridor Renovation Project and also to the Kilmer elevator cab project and the security system upgrade.

At the end of April 2018, the operating fund cash balance, excluding garage cash, was reported at \$405,843.00, and the capital fund cash balance, excluding direct charge funds, was reported at \$4,485,744.00.

COMMITTEE AND TASK FORCE REPORTS

Finance Committee

Ms. Latson reported that the Finance Committee held its first meeting on Thursday, April 26, to review the audit with the auditors, and recommended changes that have since been incorporated into the draft 2017 audit, which the Board is reviewing this evening. She stated that the Finance Committee has recommended that the Board approve the 2017 draft audit and vote to distribute the report to unit owners. Ms. Latson further stated that the 2017 audit reflects an operating surplus of \$33,846.00, and that the surplus will be applied to replenish the capital reserve fund for temporary advances from the capital reserve fund to the operating fund. She added that the Finance Committee's next task will be to review capital expenditures and future utility contracts, and that the Committee anticipates setting a date shortly for its next meeting.

Community Activities Committee

Bill Winter again reported that he is coordinating participation in a group outing to see the 4:00 p.m. performance of "The Best of Second City" on June 2, adding that he has tickets for the event and can obtain additional tickets, and that he will visit Second City to familiarize himself with the theater. He also stated that he will begin building awareness for the group's rooftop event, which will have a tiki bar theme, to be held on June 22.

Rules Committee

Mr. Beck reported that the Board will vote at this meeting to distribute the draft rules to unit owners, noting that the revisions will be highlighted in the document.

Communications Committee

Mr. Beck reported that he is waiting for one more article for the current issue: a description of Alderman Hopkins's presentation, which Ms. Barnes will write.

Corridor Renovation Task Force

Ms. Slattery reported that the Task Force met on May 17, reviewed samples of door stains being considered, and unanimously approved one of the stains. She reiterated Mr. Kristufek's remarks about the mock-ups in James House and Kilmer House, noting that they will allow the door stains to be seen under the correct lighting and against the correct wall paint colors to determine if the chosen stain is the correct color. In response to a question from Mr. Beck, Ms. Slattery stated that the project is expected to begin on August 20 and reported that a rendering of the door numbers will be available.

Website Committee

Ms. Barnes reported that the Association's website is being updated and that Jim Friedrichsen, Community Specialists' Director of Administration and Information Technology, has completed transferring information from the old website to the new one. She added that she, Ms. Culbertson, Ms. Slattery and Mr. Winter will work together on the website.

Ms. Slattery reported on the Association branding project, including updating the James/Kilmer logo on the letterhead and elsewhere, and stated that several qualified designers are being interviewed about their suggestions for new designs. She added that once a new design is decided upon and approved, it will be incorporated into the website and the news brief.

HOA Report

Mr. Beck reported that the next HOA Board meeting will take place on Wednesday, May 23. HOA Representative Barbara Fiacchino added that the interior of the Germania Place fountain has been painted blue to match the other fountains in the malls, and that the plan is to have the fountain filled by the weekend, once a broken pipe is repaired. Mr. Beck added that HOA Management is reviewing proposals from electrical contractors to work on the fountain lighting.

RECESS TO UNIT OWNERS' OPEN FORUM

The meeting was recessed at 7:49 p.m. for the Unit Owners' Open Forum.

RECONVENE TO REGULAR SESSION

The meeting was reconvened to Regular Session at 7:55 p.m.

ACTION ITEMS

Approval of Draft 2017 Audited Financial Statements and Cost Allocation Report

Upon motion duly made by Betty Latson and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the draft of the audited Financial Statements for the Year Ended December 31, 2017, as prepared by the Association's auditors, FSB&W and presented here; and

BE IT FURTHER RESOLVED, that the Board of Directors approve the draft of the 2017 Cost Allocation Report, as prepared by FSB&W and presented here, and as will be modified by the Treasurer for minor changes as needed.

After discussion, the motion passed unanimously.

Approval of Transfer of 2017 Operating Fund Surplus to Capital Reserve Fund

Upon motion duly made by Betty Latson and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the transfer of the 2017 Operating Fund surplus in the amount of \$33,846.00 to the Capital Reserve Fund to replenish an interfund advance from the Capital Reserve Fund to the Operating Fund.

The motion passed unanimously.

Approval of Segregation of Proceeds from Direct Charges to James House Unit Owners

Upon motion duly made by Betty Latson and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the segregation of proceeds from direct charges to James House unit owners related to the James House window replacement and balcony restoration projects, in the amount of \$119,924.00 at December 31, 2017, from the James/Kilmer Reserve Fund, to be designated for use on future James House limited common element projects.

After discussion, the motion passed unanimously.

Approval of Distribution of Proposed Rules and Regulations to Ownership for Review

Upon motion duly made by David Beck and seconded by Nancy Slattery, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the distribution of the Proposed and Amended Rules and Regulations, including Remodeling Guidelines, to the ownership 10 to 30 days prior to a unit owners' meeting called for such purpose and pursuant to the Illinois Condominium Property Act.

The motion passed unanimously.

Discussion ensued.

Approval of Change Orders from Leopardo for the Corridor Renovation Project

Upon motion duly made by Nancy Slattery and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the revised contract amount from Leopardo for the Corridor Renovation Project, in the amount of \$2,210,333.60, based on Change Orders 1 to 5 which reduced the original contract amount by \$86,226,83; and

BE IT FURTHER RESOLVED, that the Board of Directors approve the sum of \$61,294.96 for corridor signage to be procured by Gooch Design Studio.

The motion passed unanimously.

Approval of New Copier Agreement

Upon motion duly made by Jacque Ehrlich and seconded by Bruce Kaminsky, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the proposal submitted by Image Systems & Business Solutions on March 6, 2018, for a new copier, scanner and fax machine, in the amount of \$449.00 monthly for 60 months, plus quarterly overage charges if applicable, to be paid from Operating Fund Account GL#6324, Copier and Printing Expense.

The motion passed unanimously.

Approval of Metal Maintenance Proposal

Upon motion duly made by Bruce Kaminsky and seconded by Jacque Ehrlich, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the proposal submitted by Stuart Dean Co., Inc., on May 10, 2018, to clean and maintain exterior and interior metal surfaces, in the amount of \$5,940.00 annually for three years beginning June 1, 2018, to be paid from Operating Fund Account #GL6527, Metal Maintenance Expense.

The motion passed unanimously.

Approval of Standpipe Repair

Upon motion duly made by David Beck and seconded by Nancy Slattery, the following resolution was made:

BE IT RESOLVED, that the Board of Directors authorize Management to spend an amount not to exceed \$20,000.00 to repair a standpipe in the north stairwell of James House.

After discussion, the motion passed unanimously.

Approval of Remodeling Requests

Upon motion duly made by Nancy Slattery and seconded by Bruce Kaminsky, the following resolution was made:

BE IT RESOLVED, that the Board of Directors hereby approve the remodeling of units #804 and #1011, according to the requests submitted by the unit owners that have been reviewed and found to be in compliance with the Association's rules, regulations and conditions, the work to be subject to ongoing inspection by the Association's Assistant Chief Engineer.

The motion passed unanimously.

NEW BUSINESS

Ms. Ehrlich expressed her concern about the need to paint certain patio doors on the east and west sides of Kilmer House. Mr. Beck suggested notifying the owners of those patios that it is their responsibility to have their patio doors painted, at least on the west side, and that if they refuse to do so, the Association will have the doors painted and will charge the cost back to the unit owners. Ms. Ehrlich agreed with the suggestion, and Mr. Kristufek stated that he will have the notification written and distributed.

ADJOURN TO EXECUTIVE SESSION

Upon motion duly made by David Beck and seconded by Jacque Ehrlich, the meeting was adjourned to Executive Session at 8:15 p.m.

Respectfully submitted,


Jacque Ehrlich
Board Secretary